

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 XMB-04 AID-05 USIA-15 TRSE-00

/041 W

----- 116955

R 160615Z SEP 75

FM AMEMBASSY JAKARTA

TO USDOC WASHDC

SECSTATE WASHDC 0293

INFO AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS SECTION 1 OF 2 JAKARTA 11402

E.O. 11652: NA

TAGS: BEXP, ID

SUBJ: FOURTH QUARTER FY 75 CCP REPORT

REF: (A) STATE 289182

(B) JAKARTA 698

(C) STATE 032774

(D) JAKARTA 7984

(E) JAKARTA 8083

(F) STATE 182656

(G) STATE 211926

(H) JAKARTA 7382

(I) USDOC 09520

(J) JAKARTA 2662

SUMMARY: FY 1975 END YEAR CCP REPORT SUBMITTED PER REFS

(A) AND (F). CCP TASK FORCE CONCURS THIS REPORT AND

REQUESTS ACTION SPECIFIED PARA 3.A AND B. END SUMMARY.

1. MANAGEMENT BY EXCEPTION SUMMARY PER REF (A)

ACTION A: DELETED BY REFS (B) AND (C) (EXCEPT FOR
REQUIRED ALERT REPORTING, WHICH HAS CONTINUED).

ACTION B: AS FOREWARNED BY REF (B), NON-AVAILABILITY
OF TRANSLATED FINAL DRAFT REPELITA II UNTIL JULY 1975

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PRECLUDED FULFILLMENT ANNEX B.1.A AND B (SUBMISSION AND

ANALYSIS); HOWEVER, EXIM FUNDING OF SPECIFIC PROJECTS PLUS EMBASSY SELECTION SUGAR, CEMENT, AND PULP/PAPER AS KEY SECTORS FOR B.1.D TARGETING ACCOMPLISHED SUBSTANTIALLY SAME OBJECTIVES. RE B.2, AS CLEAR EXAMPLE OF EMBASSY'S MAJOR PROJECTS APPROACH AND NEED FOR FLEXIBILITY IN TAKING ADVANTAGE OF TARGETS OF OPPORTUNITY, EMBASSY, USIS AND CONSULATE SURABAYA EXECUTED MAJOR SUGAR TASK FORCE, AND EMBASSY CONDUCTED CAMPAIGNS INVOLVING DETAILED INVESTIGATION, MONITORING, AND DIRECT INFORMATION DISSEMINATION/ COUNSELING ON BOTH CEMENT AND PULP/PAPER DEVELOPMENTS TO LARGE NUMBER VISITING REPS OF US FIRMS. THUS PURPOSE ALL OBJECTIVE B ACTIONS ACHIEVED, EVEN IF NOT PRECISELY AS ORIGINALLY PLANNED.

ACTION C: WHILE LIAISON WITH GOI AND IBRD/BAPPENAS HAS GREATLY INCREASED THROUGH CALLS SPECIFIED ANNEX C.1 AND 2, USAID OFFICER'S INITIAL ATTEMPTS CATALOGUE UNUTILIZED ASSISTANCE PLEDGES INDICATED THAT EFFORT REQUIRED CARRY THIS TASK THROUGH TO PRODUCTIVE OUTCOME WOULD GREATLY EXCEED MAN HOURS BUDGETED FOR ACTION C.2. THEREFORE EMBASSY DISCONTINUED THIS ACTIVITY IN ANTICIPATION EVENTUALLY FINDING ADDITIONAL FREE TIME COMPLETE TASK. RE C.4, APPARENTLY USDOC NEVER SENT REPLY PROMISED REF (C) TO EMBASSY QUESTIONS RAISED REF (B) CONCERNING PRIORITY WASHINGTON PLACES ON IBRD PROJECT EARLY WARNING REPORTS. IN ABSENCE THIS REPLY, EMBASSY HAS ALLOCATED MAN HOUR RESOURCES REQUIRED REPORT THESE PROJECTS ONLY WHEN DOING SO COINCIDED WITH OTHER CCP PRIORITIES, I.E., PROJECTS INCLUDED IN ONE OF CCP CAMPAIGN SECTORS.

ACTION D: ALL TRADE PROMOTION ACTIVITIES REQUESTED BY USDOC WERE SUPPORTED AS SPECIFIED.

ACTION E: ALL ACTIVITIES LISTED E.1,2,4,5 WERE PERFORMED WITHIN LIMITATIONS IMPOSED BY "EXPECTED" BUDGET LEVEL AND DECISION PARA 7 REF (B) TO DELETE 1.B (FSL ENROLLMENT IN FSI CORRESPONDENCE COURSES). ACTION E.3.E WAS ACCOMPLISHED AND SUBSTANTIAL PROGRESS MADE ON 3.B AND C; HOWEVER, EMBASSY E/CM SECTION RESOURCES PROVED INSUFFICIENT LAUNCH BALANCE OF MAJOR PROGRAM (DESCRIBED 3.A, D, & F) AIMED AT INDONESIAN AGENTS.

2. ACCOMPLISHMENTS

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(A) MOST SPECTACULAR ACCOMPLISHMENT WAS ONE WHICH COULD NOT RPT NOT HAVE BEEN PREDICTED AT TIME CCP WRITTEN. FOLLOWING EXIM PRESIDENT CASEY'S SEPTEMBER 1974 VISIT TO INDONESIA, EXIM RECEPTIVITY TO GOI LOAN APPLICATIONS ROSE DRAMATICALLY COMPARED PREVIOUS EIGHT YEAR PERIOD. OCTOBER 1974-MAY 1975 EXIM COMMITTED APPROXIMATELY \$206 MILLION FOR 11 GOI AND PRIVATE PROJECTS WITH US EXPORT VALUE OF

APPROXIMATELY \$621 MILLION. AS THESE DEVELOPMENTS UNFOLDED E/CM ALLOCATED VERY SIGNIFICANT NUMBER MANDAYS TO ARRANGING AND ATTENDING EXIM/GOI MEETINGS, ADVISING INTERESTED US BIDDERS, WORKING WITH US BANKS ON DEVELOPMENT REQUIRED COMMERCIAL FINANCING PACKAGES, AND ASSISTING GOI OFFICIALS UNFAMILIAR WITH EXIM POLICIES/PROCEDURES. (EMBASSY INVOLVEMENT THESE EXIM CREDITS STILL REQUIRED TO ASSURE CONSUMMATION US SALES.) EMBASSY EFFORTS CONSTITUTED MAJOR US SALES SUPPORT CAMPAIGN WHICH IN EFFECT REPLACED CCP ACTION A CAMPAIGN AND NECESSITATED COMMITMENT SOME ADDITIONAL MANDAYS ORIGINALLY SCHEDULED FOR ACTION C CAMPAIGN. EMBASSY CONVINCED THAT IMMEDIATE \$621 MILLION PAY OFF PLUS FOLLOW-ON US SALES RESULTING FROM COMMITMENT TO US SYSTEMS AND IMPROVED GOI UNDERSTANDING EXIM FINANCING FACILITIES FULLY JUSTIFIED LARGE RE-ALLOCATION E/CM TIME AND CCP RESOURCES.

(B) SECOND MOST SIGNIFICANT ACCOMPLISHMENT WAS HIGHLY SUCCESSFUL EMBASSY, USIS, CONSULATE SURABAYA MARCH SUGAR TASK FORCE PROGRAM WHICH TRANSFORMED US POSITION FROM ONE IN WHICH GOI PERSONNEL WERE UNFAMILIAR WITH US EQUIPMENT AND HAD NO SERIOUS US BIDDERS PURSUING GOI TURNKEY PROJECTS TO ONE IN WHICH US TASK FORCE CONSORTIUM HAS NOW BECOME LEADING COMPETITOR, REPORTEDLY LIKELY TO WIN ONE-THREE TURNKEY PROJECTS WORTH TOTAL \$40-120 MILLION (ASSUMING EXIM FINANCING).
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(C) OTHER MAJOR DEVELOPMENTS DURING YEAR RESULTED IN PART FROM EMBASSY FOLLOW-UP OF FY 1974 STEEL AND FERTILIZER MAJOR PROJECTS VISITS PLUS POST'S ON-SCENE DIRECT PROMOTIONAL WORK ON CEMENT PROJECTS. PUSRI III (\$192 MILLION TOTAL, \$115 MILLION FX COST) AND PUSRI IV (\$180 MILLION TOTAL, \$80 MILLION FX COST) FERTILIZER PLANTS BOTH HAVE BEEN AWARDED TO US CONTRACTOR. SEMEN GRESIK RECEIVED US EXIM CREDIT COMMITMENT WHICH MAY BE EXPANDED AND RESULT IN TOTAL US EXPORT VALUE WORTH OVER \$100 MILLION. CIBINONG CNRENT EXPANSION PROJECT (ESTIMATED \$30-60 MILLION) WILL GO TO US CONSTRUCTOR, WHILE AT LEAST TWO OTHER CEMENT PROJECTS STILL POSSIBLE FOR FUTURE. RECENTLY ARMCO (WHO PARTICIPATED FY 74 STEEL VISIT) AND KAISER ENGINEERS WON CONTRACT RE-EVALUATE KRAKATAU STEEL COMPLEX; THIS CONSULTING ROLE SHOULD PUT US IN EXCELLENT POSITION WHEN FUTURE STEEL EXPANSIONS UNDERTAKEN.

(D) EMBASSY FY 1975 INVESTIGATION PROJECTS IN VARIOUS OTHER SECTORS AND DETAILED COUNSELING 2300 BUSINESS VISITORS DURING YEAR HAS KEPT US WELL POSITIONED, PARTICULARLY IN MINERALS AND PETROLEUM SECTORS, TO CAPITALIZE ON PENDING PROJECTS WHICH SHOULD BEGIN BREAKING LATE FY 1976 AS GOI CURRENT FINANCIAL STRAITS BEGIN EASE.

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(E) ACTION E RESULTED IN DEFINITE BUT UNQUANTIFIABLE IMPROVEMENT IN LEVEL FSL PERFORMANCE AND RESPONSIBILITY. WHILE CONTINUED TRAINING AND DEVELOPMENT STILL REQUIRED, E/CM ABLE BEGIN JUDICIOUSLY DELEGATING INCREASED RESPONSIBILITY TO FSL'S AND THUS SHIFT OFFICERS TO HIGHER PAY-OFF ACTIVITIES.

3. PROBLEMS

EMBASSY HAS EXPERIENCED TWO SOURCES CONTINUING FRUSTRATION, BOTH RELATED TO INTERAGENCY COORDINATION AND WASHINGTON COMMITMENT TO CCP.

(A) WAG APPROVED CCP ACTION OBSERVATION THAT "PROMOTIONAL EVENTS...HAVE LOWER PRIORITY THAN OBJECTIVES A-C"; HOWEVER, OIM AND USRTC SINGAPORE HAVE REGULARLY REQUESTED EMBASSY TO SUPERVISE OR PERFORM MARKET STUDIES, EVALUATE AND SUPPORT USRTC SINGAPORE PROMOTION EVENTS, AND REACT TO WASHINGTON PROPOSED JAKARTA-BASED EVENTS WITHOUT REFERENCE TO CCP ALLOCATION OF RESOURCES. THEMES THESE ACTIVITIES WERE LARGELY GENERATED OUT OF WASHINGTON OR SINGAPORE RTC; APPARENTLY WITHOUT CONSIDERATION OF PRIORITY

INDONESIA CCP MAJOR PROJECTS TARGETS (OBJECTIVES A-C).
(NOTE: ON OTHER HAND, WHEN EMBASSY REQUESTED (REF H)
MARKET RESEARCH FUNDS FOR PROMISING THEMES MORE IN
LINE WITH MAJOR CCP PRIORITIES, USDOC ADVISED THAT "NO
FUNDS AVAILABLE" (REF I). NOR HAS EMBASSY RECEIVED REPLY
FROM USDOC AND WAG TO REF (J) IN WHICH EMBASSY REEMPHASISED
NEED FOR THESE FUNDS DURING NEW FY WHEN E/CM SECTION
JAKARTA WOULD BE SEVERELY SHORT STAFFED). THESE AD HOC
REQUESTS FOR EMBASSY ACTION ON THEMES IN WHICH EMBASSY HAS
NOT RPT NOT EXPRESSED INTEREST CONSTITUTE SIGNIFICANT
DISTRACTION FROM MAJOR CCP ACTIVITIES WHICH WAG HAD
APPROVED. EMBASSY RECALLS EMPHASIS AT TAIPEI ECONOMIC/
COMMERCIAL OFFICERS' CONFERENCE THAT POST HAS PRIMARY
RESPONSIBILITY FOR INITIAL IDENTIFICATION MARKET RESEARCH
AND PROMOTION THEMES, BUT EXPERIENCE WITH FY 1975 CCP HAS NOT
BORNE THIS OUT. WE BELIEVE IT WOULD BE HELPFUL
IF WAG COULD REVIEW METHOD BY WHICH WASHINGTON PROPOSALS
FOR MARKET RESEARCH AND PROMOTION SUPPORT ARE DEVELOPED
AND CONSIDERATION GIVEN TO EMBASSY REQUESTS FOR
IMPLEMENTATION OF CCP PROGRAMS AND PROJECTS. EMBASSY
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WOULD BE PLEASED WORK WITH WAG ON DEVELOPMENT OF PROCEDURES,
BOTH IN FIELD AND IN WASHINGTON, TO EVALUATE NEW PROPOSALS
NOT COVERED IN CCP IN LIGHT OF AGREED GOALS, CAMPAIGNS,
HUMAN RESOURCE ALLOCATIONS, ETC., AS SET FORTH IN
CCP. PLEASE ADVISE.

(B) SECOND PROBLEM ARISES FROM FACT THAT FINANCING
BECOMING MORE AND MORE CRITICAL FACTOR IN SUCCESS OF OUR
COMMERCIAL PROMOTION. AS POINTED OUT ABOVE, EXIM HAS
PLAYED MAJOR ROLE IN RECENT SUCCESSES. FUTURE EXIM
ACTIVITIES, HOWEVER, WILL BE GOVERNED BOTH BY GOI PRIORITIES
FOR LENDING AND NECESSARY PRIORITIES WHICH EXIM MUST
ESTABLISH IN VIEW ITS OWN AUTHORIZATION CEILING.
CONSEQUENTLY, IN HIGHLY COMPETITIVE BIDDING ON CCP
MAJOR PROJECTS IT IS HIGHLY DESIRABLE WE HAVE BEST POSSIBLE
INDICATION EXIM PRIORITIES AND INTERESTS IN ORDER AVOID
AGGRESSIVE PURSUIT OF PROJECTS IN WHICH FINANCING LIKELY
BE MAJOR OBSTACLE. SERIOUSNESS THIS PROBLEM COMPOUND BY
FACT GOI BEGINNING LOOK UPON EXIM AS FINANCING SOURCE OF
LAST RESORT, TO BE USED ONLY WHEN US IS SOLE SOURCE FOR
PROJECT OR PRODUCT. IF CCP IS TO BECOME USG' OVERALL
ANNUAL TRADE PROMOTION ACTION PLAN FOR INDONESIA (WITH
HIGHEST PRIORITY ON MAJOR PROJECTS TARGETING) THEN
WE SHOULD CONCENTRATE ON UNDERTAKINGS FOR WHICH FINANCING
CAN REASONABLY BE EXPECTED, EITHER THROUGH EXIM OR
OTHERWISE. EXIM IS THUS MAJOR FACTOR IN CCP PLANNING
DEVELOPMENT PROCESS AND EMBASSY ENDORSES HEARTILY
PROPOSED EXIM ADDITION TO WAG. TO EXTENT POSSIBLE

EMBASSY HOPES EXIM WILL HELP DEFINE FUTURE SCOPE AND TARGETS OF USG PROMOTIONAL EFFORT IN INDONESIA FOR WHICH IT IS PREPARED CONSIDER FINANCING. THROUGH FY 76 CCP ALREADY APPROVED, WE BELIEVE NOT RPT NOT TOO LATE AT THIS POINT INCORPORATE BASIC PARAMETERS OF WHAT EXIM BELIEVES IT CAN SUPPORT DURING NEW FY. WOULD APPRECIATE WAG ACTION ON THIS PROPOSAL.

4. QUALITATIVE EVALUATION CCP RELEVANCE AND UTILITY WITH ABOVE PARA 3 IMPROVEMENTS EMBASSY CONVINCED CCP CAN BE KEY TOOL FOR EFFECTIVE MANAGEMENT USG TRADE PROMOTION PROGRAM IN INDONESIA. DESPITE INTERAGENCY PROBLEMS DISCUSSED ABOVE AND FY 75 CCP TENDENCY BOTH BE UNCLASSIFIED

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SOMEWHAT OVER-AMBITIOUS AND CONTAIN EXCESSIVELY DETAILED ADVANCE PRESCRIPTIONS FOR COURSES OF ACTION, EMBASSY FOUND CCP USEFUL CONCEPTUAL DOCUMENT. IT HELPED KEEP OBJECTIVES IN FOCUS AND ENFORCED PRIORITIES WHICH TEND ALL TO EASILY GET LOST IN INTENSE PACE EMBASSY DAY-TO-DAY ROLE AS FIELD SERVICE BUREAU FOR US BUSINESSMEN. ALSO GAVE EMBASSY IMPORTANT POINT OF REFERENCE IN EVALUATING POSSIBLE NEW UNDERTAKINGS ENTAILING ADDITIONAL WORKLOAD DEMANDS. FINALLY, CCP OFFERED BEGINNINGS OF MECHANISM FOR INCORPORATING AND COORDINATING COMMERCIAL SUPPORT INPUTS FROM OTHER MISSION SECTIONS AND AGENCIES. NEWSOM

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